

## Employee vs. Independent Contractor

### Worker Classification Guide for Dental Practices

#### **Key to Dental Practices**

Bottom Line: It is nearly impossible for someone working in a dental office on a regular basis to be legitimately classified as a 1099 independent contractor.

In dental practices, most classification factors point clearly to W-2 employee status because:

- You control how the work is performed
- You provide tools and equipment
- The work is integral to our core business
- Most roles are ongoing with no defined end date

***Action Required: If anyone in your practice is currently classified as a 1099, this should be reviewed immediately.***

#### **The Federal Test: Economic Realities Test**

When evaluating any worker classification, the most important federal standard is the Economic Realities Test (DOL/FLSA). The core question is:

Core Question: Is this worker economically dependent on us, or are they genuinely in business for themselves?

The test weighs six factors as a total picture. No single factor is decisive:

1. **Profit/Loss:** Can the worker profit or lose based on their own business decisions?
2. **Control:** Do we control how the work gets done?
3. **Investment:** Does the worker invest their own capital and equipment?
4. **Permanency:** Is the relationship ongoing, or a defined project?
5. **Integral Work:** Is the work central to our core business?
6. **Independent Enterprise:** Is the worker building their own independent business?

Critical Reminder: The label we put on a relationship does not matter. Calling someone a contractor in a contract will not protect the practice if the underlying facts say otherwise.

#### **If You Do Have a 1099 Worker: Document Everything**

If, after careful analysis, a worker legitimately qualifies as a 1099 independent contractor, thorough documentation is essential.

What to Document

- Which classification factors did you evaluate
- Why did you reach your conclusion
- Any contracts or agreements that support the arrangement
- Evidence of the worker's independent business activities

Why It Matters: If you are ever audited, documented good-faith reasoning is your best defense against penalties and personal liability.